TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL MEMORANDUM

HB 2239 – SB 2091

February 23, 2016

SUMMARY OF ORIGINAL BILL: Prohibits a health benefits contract, delivered, issued for delivery, or renewed after January 1, 2017, that provides benefits for anti-cancer medications that are injected or intravenously administered by a healthcare provider and anti-cancer medications that are patient administered, including all anti-cancer medications that are orally administered, from charging a higher copayment, deductible, or coinsurance amount than the contract requires for injected or intravenously administered anti-cancer medication for a patient administered anti-cancer medication. Requires high deductible plans to prohibit the same after the minimum annual deductible has been met. Clarifies this does not apply to health benefits contracts of the Federal Patient Protection and Affordable Care Act and the Federal Health Care and Education Reconciliation Act of 2010.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures -- $16,000/FY16-17
$31,900/FY17-18 and Subsequent Years

Increase Federal Expenditures –$16,100/FY16-17
$32,200/FY17-18 and Subsequent Years

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (012691): Deletes all language after the enacting clause and rewrites the bill such that the only substantive changes are: (1) prohibits a healthcare benefits contract from charging a higher copayment, deductible, or coinsurance amount than the contract requires for injected or intravenously administered anti-cancer medication for a patient administered anti-cancer medication when the patient administered anti-cancer medications are prescribed for the purposes of killing, slowing, or preventing the growth of cancerous cells and (2) prohibits a health benefits insurer from complying with this section by imposing an increase in cost sharing solely for orally administered, intravenously administered, or injected anti-cancer medications.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- The proposed legislation would change the way the Bureau of TennCare currently administers their benefit plan by eliminating co-pays charged for self-administered anti-cancer medications to adult non-pregnant women, adults receiving long-term care services, or adults receiving hospice services.
- TennCare enrollees do not currently pay out of pocket for healthcare provider administered anti-cancer medication to adult non-pregnant women, adults receiving long-term care services, or adults receiving hospice services.
- The Bureau of TennCare paid 24,879 claims for oral or self-injected anti-cancer medications between November 2014 and November 2015. Enrollees paid $49,441.27 in copayments to pharmacies for these medications.
- The elimination of all co-payments for oral or self-injected anti-cancer medications would result in a recurring increase to expenditures estimated to be $49,500.
- Of the $49,500 in possible increased expenditures, the state will receive federal matching funds at a rate of 64.983 percent resulting in 35.017 percent being state funds.
- The increase in state expenditures is estimated to be $17,333 ($49,500 x 0.35017).
- The increase in federal expenditures is estimated to be $32,167 ($49,500 x 0.64983).
- According to the Division of Benefits Administration of the Department of Finance and Administration, the Division sponsors three public sector health plans, one for state and higher education employees, one for local education employees and one for local government employees.
- The State provides funding for the state plan and the local education plan. Each of these plans covers anti-cancer medication, regardless of the mode of delivery.
- Over 90 percent of the plans enrollees are in one of the Preferred Provider Organizations (PPOs) and have copayments for their pharmacy benefits. Remaining enrollees are enrolled in one of the two Consumer Directed Health Plans (CDHPs).
- Any impact on CDHP enrollees is estimated to be not significant. This fiscal note focuses on enrollees in one of the PPO plans.
- The proposed legislation would essentially cap the pharmacy co-pay for oral cancer drugs at $45 which is the cost for a specialist visit for individuals enrolled in the Partnership PPO and $50 for individuals enrolled in the Standard PPO.
- On the State plan, out of pocket expenses for 28 out of 62 of the prescribed drugs would cost more than a specialist visit’s cap. On the local education plan, out of pocket expenses for 24 out of 56 of the prescribed drugs would cost more than a specialist visit’s cap.
- The Division would absorb a percentage of the member’s share of the prescriptions that are above the cap resulting in expenditures estimated to be $23,062 ($13,075 for the state plan and $9,987 for the local education plan).
- The state contributes 80 percent of member costs in the state plan resulting in an increase in state expenditures estimated to be $10,460 ($13,075 x 0.80).

- The state contributes 45 percent of costs for instructional members (75 percent of Local Education Plan members) and 30 percent of costs for support staff members (25 percent of Local Education Plan members) resulting in an increase in state expenditures estimated to be $4,120 [($9,987 x 0.75 x 0.45) + ($9,987 x 0.25 x 0.30)].
- The total increase in expenditures is estimated to be $31,913 for the state ($17,333 + $10,460 + $4,120), and $32,167 for the federal government.
- Due to the effective date of this bill of January 1, 2017, the first year impact (FY16-17) will be equal to 50 percent, or $15,956.50, of the full year impact ($31,913) for the state, and 50 percent, or $16,083.50, of the full year impact ($32,167) for the federal government.
- Any local governments that offer health care insurance may incur an impact to plan costs which will be borne by participating employers and employees.
- Based on information provided by the Department of Commerce and Insurance, the proposed legislation does not place additional coverage requirements on health benefit contracts, any fiscal impact can be enforced using existing resources; therefore, any fiscal impact would be not significant.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- The prohibition from charging a higher copayment, deductible, or coinsurance amount than a contract requires for injected or intravenously administered anti-cancer medication for a patient administered anti-cancer medication will cause a shift in expenditures from copayments, deductibles, or coinsurance to premiums paid by plan enrollees of private health insurance.
- Any increase in total premium amounts is estimated to be not significant.
- The net impact to private health insurance is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Krista M. Lee

Krista M. Lee, Executive Director

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